Industrial growth rate

2485. SHRI S. ANBALAGAN: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the growth rate of industry was not as expected during the last three years;

(b) if so, the details thereof, year-wise and the reasons therefor;

(c) whether Government had taken any steps to address the situation;

(d) if so, the details thereof and the reasons for continued slow down in the growth of industry despite those steps;

(e) whether Government propose to take any steps in this regard; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) The industrial growth rates, measured in terms of index of Industrial Production (IIP), for 2007-08 (April-February) and for the previous three years are as under:

Growth Rate of Industry

Year/Period	Growth (%)
2004-05	8.4
2005-06	8.2
2006-07	11.6
2007-08 (Apr. Feb.)	8.7

Thus, industrial performance during 2007-08 was better than in 2004-05 and 2005-06. However, there has been a slowdown compared with the performance during 2006-07. The deceleration of the industrial growth during 2007-08 has been attributed to a combination of factors, including, rise in interest rates, rupee appreciation, general economic slowdown abroad.

(c) to (f) In a market driven economy, the growth of various industries in influenced by marked-forces of supply and demand. The Government has put in place various policies to promote broad based industrial growth. This includes, *inter-alia*, delicensing of industrial capacity, liberalization of foreign trade regime to provide better access to inputs at competitive prices, rationalization and reduction in duty rates of customs and central excise, better infrastructure support, and liberal FDI regime, etc.

Government has announced several relief measures for export oriented industries, which includes enhancement of the Duty Entitlement Pass Book (DEPB), reduction in Export Credit Guarantee Corporation (ECGC) premium by 10%, enhancement of the rates of duty drawback, interest subvention of pre-shipment and post-shipment credit, refund of service tax, raising the revenue ceiling for Vishesh Krishi and Gram Udyog Yojana.

In the Budget 2008-09, the Government has proposed reduction in excise duty across the board from 16% to 14% to boost the domestic demand for the manufacturing industry. In

addition, the Government has also proposed reduction in excise duty from 16% to 12% for Small Cars, Motorcycles, and Scooters etc. to give boost to the domestic consumer durable manufacturing industry.

The Government has since approved a proposal to creat Information Technology Investment Regions (ITIRs). These ITIRs would be endowed with excellent infrastructure and supported through investor-friendly policies. With a view to improve the competitiveness of Indian industries, particularly, the micro, small and medium enterprises, the Government has also approved a proposal to set Mini Tool rooms in the country under Public Private Partnership (PPP) Mode, in co-operation with State Governments/industries/Associations/ Companies/NGOs/Individuals.

Low increase in exports

2486. SHRI D. RAJA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that in December, 2007 Indian exports grew by only 2% in Rupee terms;

(b) what are the reasons for this low percentage of increase in exports in rupee terms, and to what extent has Government focused on exports to western countries;

(c) whether any effort will be made to broad-base our exports; and

(d) what are the steps proposed to review the present direction of our exports?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) As per latest data available from Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, India's exports increased by 5.48 per cent, in Rupee terms, in December, 2007 as compared to December, 2006.

(b) Slow growth in exports, in Rupee term, can be attributed largely to the appreciation of Rupee *vis-a-vis* US dollar, as result of which some commodities registered negative growth during December, 2007. These group of commodities, *inter-alia,* include RMG cotton including accessories; Primary and Semi-finished Iron and Steel; Plastic and Linoleum Products; Non-Ferrous Metals; Marine Products; leather (Footwear and Garments); Carpets; Finished leather; RMG Manmade fibres; Natural Silk Yarn' Fabrics, made-ups; Handicrafts; etc. Exports to western countries, comprising Europe and America regions showed high rate of growth of 27.6 per cent and 12.0 per cent, in US $ terms, during April-December, 2007.

(c) and (d) In order to diversify India's exports across countries and regions, Government has initiated various integrated programmes like "Focus LAC", "Focus AFRICA", "Focus CIS" etc. Initiatives have also been taken for increase in the exports of products with high employment potential through implementation of Focus Product Scheme and Vishesh Krishi and Gram Udyog Yojana. These initiatives are reviewed from time to time in accordance with the Foreign Trade Policy and its Annual Supplements and measures are taken for augmenting exports in line with India's comparative advantage and the emerging situation in the domestic and international market.